

2010-11 –3rd QUARTER STATUS REPORT – Sr. Investment Officer, Fixed Income (C. Ishii)

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Quantitative Performance Measures

Total Fund

Weight	Performance Measure	Incentive Schedule	3 rd Quarter Status
40%	Excess return deviation in basis points relative to: Total Fund Performance Benchmark {SJ1CA1 – CPERST02}	-27 basis points = 0 +7 basis points = 1.0 +23 basis points = 1.5	+38 bps {18.62 – 18.24}

Total Global Fixed Income Performance

Weight	Performance Measure	Incentive Schedule	3 rd Quarter Status
40%	Net of Fees, excess return in basis points relative to: Global Fixed Income Performance Benchmark {SJEKA1 – CPERGF2}	0 basis points = 0 +33 basis points = 1.0 +50 basis points = 1.5	+182 bps {4.24 – 2.42}

Other Internally Managed Fixed Income Funds

Weight	Performance Measure	Incentive Schedule	3 rd Quarter Status
5%	Net of Fees, excess return in basis points relative to:	0 basis points = 0 +3 basis points = 1.0 +5 basis points = 1.5	+37 bps {0.50 – 0.13}
	<ul style="list-style-type: none"> (1%) High Quality LIBOR Fund – CalPERS Blended LIBOR Fed Fund Index (Daily) {SW3X – CPERLFFD} 		
	<ul style="list-style-type: none"> (1%) Short Duration Fund – CalPERS Blended Libor Fed Fund Index (Daily) {SW9D – CPERLFFD} 	0 basis points = 0 +27 basis points = 1.0 +40 basis points = 1.5	+369 bps {3.82 – 0.13}
	<ul style="list-style-type: none"> (1%) Sec Lend Total Collateral Reinvest – CalPERS Blended Libor Fed Fund Index (Daily) {SX1EA1 – CPERLFFD} 	0 basis points = 0 +9 basis points = 1.0 +14 basis points = 1.5	+76 bps {0.89 – 0.13}
	<ul style="list-style-type: none"> (1%) CalPERS Internally Managed Short Term – State Street STIF Net of Fees {SJ10 – Y8K2} 	0 basis points = 0 +3 basis points = 1.0 +5 basis points = 1.5	+3 bps {0.23 – 0.20}
	<ul style="list-style-type: none"> (1%) Passive currency overlay portfolio – PERS PARETO CCR {SW5P – YET2} 	-33 basis points = 0 -17 basis points = 1.0 -8 basis points = 1.5	+7 bps {(0.25) – (0.32)}

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Qualitative Performance Measures *(All performance measures utilize standard Qualitative incentive schedule unless otherwise noted)*

Leadership

Weight	Performance Measure
15%	<ul style="list-style-type: none"> Investment Office Leadership and Management – By June 30, 2011, contribute to the value creation, capacity building, and organization support for the Investment Office by executing the following: <ul style="list-style-type: none"> Drive global leadership and financial market reform to improve investment performance and enhance delivery of services. Build organizational excellence by strengthening and reinforcing a value driven culture that fosters accountability, transparency, and integrity by utilizing Senn Delaney training and communication concepts. Mentor and develop staff through regular coaching and feedback. Ensure 95% completion rate for annual performance appraisals and employee development plans. Team Participation – Cross Asset Class Collaboration – By June 30, 2011, participate in and support cross asset class initiatives, such as the Investment Office Roadmap, Investment Strategy Group, Risk Management, and Governance initiatives to improve investment performance and processes. Individual Contributions – Asset Class Priorities – By June 30, 2011, implement asset class priorities which contribute to the success of your program by adopting innovative approaches and overcoming obstacles to improve investment performance and processes. Organizational Management Practices <ul style="list-style-type: none"> Maintain an average position vacancy rate of 5% or less through the fiscal year 2010-11. Ensure all Form 700 Statements of Economic Interest are filed by scheduled employees by the mandated due date of April 1, 2011. Ensure all scheduled employees complete the legally mandated AB 1234 ethics training by June 30, 2011. Maintain a 90% EPAD completion rate. Address and resolve all outstanding audit findings within 12 months of audit report. Dedicate 30 minutes per month for Employee Recognition during the year through fiscal year 2010-11.

3rd Quarter Status:

- Part of a team that reviewed all FI staff under a framework developed and communicated to FI staff called COLT. Information from the evaluation process regarding strengths and areas of improvements were then communicated to FI staff to help in their development.
- Worked with the California AG on issues related to their case.
- On 3/21-23, was part of an industry group that met with the FDIC, SEC, OFR, chief of staff from Congress, US Treasury and Janet Yellen of the Fed to discuss issues regarding regulation, market reform and the securities markets.
- Proposed for INVO a similar valuation of INVO staff that is used by FI called COLT. Helped to discuss the system and calibration as well as the strength and weakness of the system. The goal is for INVO to develop similar methods across the fund.
- 100% completion rate for annual performance appraisals and employee development plans.
- From an asset class perspective, excess return has far exceed targets for all programs.
- Taking the leadership on the factor based initiative that will lead to a different way to look at the asset allocation for the fund.
- 100% filling of Form 700.
- 100% completion of the Ethics Training for Fixed Income Staff.